



\*ETFX Exchange Participants act as distribution partners, authorised participants and swap providers on the platform.

## ETFX FTSE 100 Leveraged (2x) Fund

### Investment Objective

The ETFX FTSE 100 Leveraged (2x) Fund is designed to track the performance of the FTSE 100® Leveraged Index. The ETFX FTSE 100® Leveraged (2x) Fund seeks to deliver a leveraged return to shareholders which corresponds to **twice the daily percentage change** in the level of the FTSE 100® Index.

### About Exchange Traded Funds (ETFs)

ETFs combine the advantages of stocks (tradability and liquidity) and index funds into one product. With ETFs it is possible to achieve exposure to an Index in one simple transaction in the same way as trading any security listed on the stock exchange. ETFs can be created or redeemed on demand (through market-makers).

### About the Index

The FTSE 100® Leveraged Index is a leveraged index which aims to provide **twice the daily percentage change** in the level of the FTSE 100® Index less the cost of financing.

The FTSE 100® is a market-capitalisation weighted index representing the performance of the 100 largest UK-domiciled blue chip companies, which pass screening for size and liquidity. The index represents approximately 88% of the UK's market capitalisation.

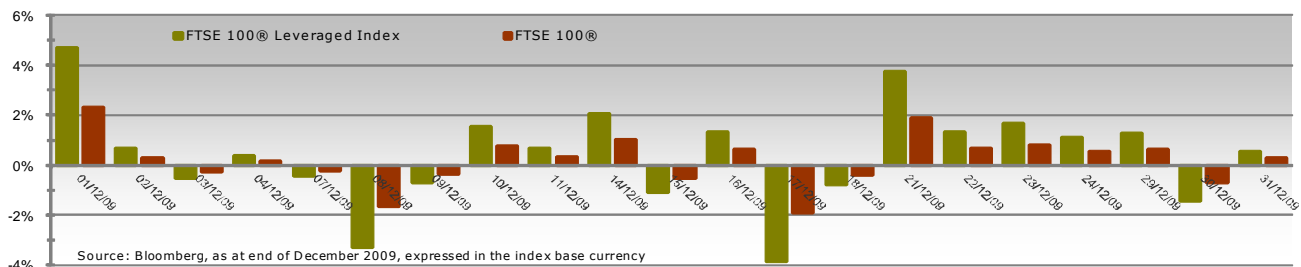
### Benefits of ETFs tracking 2x leveraged indices

- Provides double exposure with reduced capital outlay
- Multiple market makers provide liquidity and continuous pricing
- Tracks a double leveraged index that increases in value by twice the daily % increase and decreases in value by twice the daily % decrease in the underlying index, excluding fees and other costs
- No margin account or loan approvals required
- Cost efficient way of obtaining leveraged exposure
- Maximum loss is limited to investor's initial investment

### Risks of ETFs tracking 2x leveraged indices

- Due to the compounding of daily returns, returns measured over periods longer than one day may differ from twice the FTSE 100® Index return over that longer period**
- Twice the daily % movements of the FTSE 100® Index and therefore any falls in the index are magnified.
- Equity ETFs can be volatile and volatility is doubled for ETFs tracking 2x leveraged indices
- If the index falls by 25% or more in one day, the leverage factor will be adjusted intraday
- ETFs tracking double leveraged indices are only suitable for sophisticated investors who understand leverage, compounded daily returns and are willing to magnify potential losses
- Please see the Prospectus for a more detailed explanation and a more complete list of risks, available at [www.etfsecurities.com](http://www.etfsecurities.com)**

### Index Daily Returns – last 20 trading days



### Fund Facts

<b>Trading</b>	Normal Exchange hours	
<b>Base currency</b>	GBP	
<b>Trading currency</b>	GBP	
<b>Minimum investment</b>	1 unit	
<b>Security codes</b>		
<b>Listing</b>	London Stock Exchange	
<b>Currency</b>	GBP	
<b>Exchange Code</b>	LUK2	
<b>ISIN</b>	IE00B4QNJJ23	
<b>SEDOL</b>	B4QNJJ2	
<b>Commencement date</b>	22/06/2009	
<b>LSE</b>	<b>Reuters</b>	<b>Bloomberg</b>
	LUK2.L	LUK2 LN

### Security Features

<b>Index</b>	FTSE 100® Leveraged Index	
<b>Promoter</b>	ETF Securities Ltd	
<b>Manager</b>	ETFs Fund Management Company Ltd	
<b>TER</b>	0.50%	
<b>Entry/Exit fees</b>	None when traded on exchange	
<b>Legal Form</b>	UCITS, Exchange Traded Fund	
<b>UCITS III</b>	Yes	
<b>ISA/SIPP/CTF (UK)</b>	Yes	
<b>Domicile</b>	Ireland	
<b>EU Passport</b>	Ireland, UK, Netherlands, Germany	

### Index Information

<b>Exposure</b>	UK Equities
<b>Number of components</b>	102
<b>Currency</b>	GBP
<b>Bloomberg</b>	UKXL2G
<b>Reuters</b>	.UKL2G
<b>Index provider</b>	FTSE International Limited
<b>Website</b>	<a href="http://www.ftse.com">www.ftse.com</a>

### Index Historical Performance

Base currency (GBP)	2009	2008	2007	2006
<b>FTSE 100® Leveraged Index</b>	52.6%	-57.4%	5.7%	23.0%
<b>FTSE 100®</b>	22.1%	-31.3%	3.8%	10.7%

Source: Bloomberg, as at end of December 2009, expressed in the index base currency

The table and the graph below show the performance of the underlying index and not the fund. The ETFX fund tracks the performance of the above index subject to management fees and other costs. Past Performance is not a reliable indicator of future results.

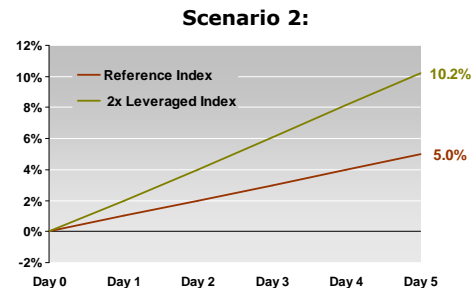
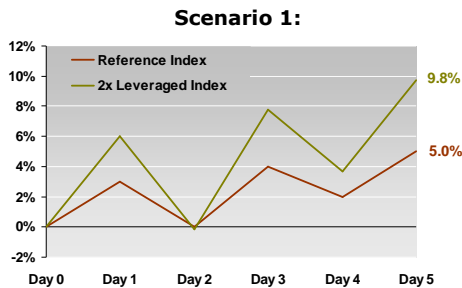


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**How can daily rebalancing affect the performance of 2x leveraged equity indices?**

2x leveraged equity indices are designed to provide twice the daily percentage change in the level of their reference index (i.e. the 1x index) and due to the compounding of daily returns, returns measured over periods longer than one day may differ from twice the reference index return over that longer period.

To demonstrate this we take the example of a reference index rising 5% over a 5-day period. In Scenario 1 the reference index achieves the 5% return through various up and down days. In Scenario 2 the index is up 5% over the period following 5 consecutive up days. (For simplification purposes, these 2 scenarios exclude fees and other financing adjustments).



- **In Scenario 1**, despite the 2x leveraged index delivering 2x the reference index return each day, the overall compound return at the end of the 5-day period is not equal to twice the 5-day return of the reference index (9.8% vs. 10%).
- **In Scenario 2**, the volatility is lower and the reference index is trending upwards, the overall compound return at the end of the 5-day period has exceeded 2x the reference index return (10.2% vs. 10%).

This shows that the daily rebalancing of the leveraged index leads to performance differences over periods longer than one day and also that volatility in the reference index tend to magnify gains and losses in the 2x leveraged index.

For more information about long term performance of ETF Securities ETFs tracking 2x leveraged indices please see the description of risks in the prospectus available at [www.etfsecurities.com](http://www.etfsecurities.com)

**About ETF Exchange (ETFX)**

**ETF Exchange** is the world’s first 3rd Generation ETF Platform offering investors access to low cost swap backed ETFs with credit diversification across a number of participants rather than reliance on a single bank. As the banks, APs and market makers compete for business, true liquidity and competition is created.

**Third generation ETFs** meet investor demands for increased levels of transparency, liquidity and counterparty risk management. Third Generation ETFs provide diversified index replication across a consortium of the strongest financial players and concentrate liquidity within a single platform.

**ETF Securities** pioneered the development of ETCs, with the world's first listing of an ETC, Gold Bullion Securities in Australia and London in 2003 and then the world's first entire ETC platform which was listed on the London Stock Exchange in September 2006. ETF Securities now offers more than 170 ETPs with over \$17 billion in assets as at December 2009. The Exchange Traded Products (ETPs) provide investors with a wide variety of investment strategies, with ETPs offering resource equities, physical, long, forward, leveraged and short exposure to all commodity sectors and now G10 Currencies.



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